

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 EB-07 INR-07 LAB-04

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R 121328Z JUL 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 5165

INFO USDOC WASHDC

AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY ATHENS

USINT BAGHDAD

AMEMBASSY DAMASCUS

AMEMBASSY DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

UNCLAS CAIRO 9413

E.O. 11652: N/A

TAGS: BEXP EG

SUBJ: FY 1978 USDOC/CAGNE TRADE PROMOTION PROGRAM

REF: STATE 136618

1. WE RECOMMEND FOLLOWING USDOC/CAGNE TRADE PROMOTION EVENTS FOR EGYPT DURING FY 1978. EVENTS ARE LISTED IN RODER OF PRE-REFERENCE, BUT SPECIFIC DATES CAN BE REVISED IF MAJOR CONFLICT WITH OTHER AREA EVENTS REQUIRES. NOTE CAIRO INTERNATIONAL FAIR SCHEDULED TO BE HELD MARCH 1978; EMBASSY ASSUMES THERE WILL BE USG-SPONSORED PRESENCE.

2. TRADE MISSION - BUILDING AND CONTRUCTION MACHINERY AND MATERIALS, FEB. 1978. SUGGEST MINIMUM 4 WORKING DAY MISSION  
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CENTERED IN CAIRO WITH POSSIBLE VISIT O ISMAILIA TO INSPECT

SUEZ CANAL AREA RECONSTRUCTION. THIS THEME SELECTED FOR HIGHEST PRIORITY FOR FOLLOWING REASONS: A. GOE CURRENTLY REBUILDING AND EXPANDING 3 MAJOR SUEZ CANAL CITIES AND PLANNING NEW SATELLITE CITIES AROUND CAIRO; B. SUEZ CANAL IS BEING WIDENED AND DEEPEMED; C. TOURIST INDUSTRY IS UNDERGOING EXTENSIVE EXPANSION; D. MAJOR PUBLIC HOUSING PROJECTS PLANNED AND UNDERWAY; E. UNDER "OPEN DOOR" POLICY, US FIRMS CAN ENGAGE THEIR OWN REPS IN EGYPT AND ARE NO LONGER REQUIRED TO DEAL SOLELY WITH STATE-OWNED TRADING COMPANIES. POST INPUT TO BIC TRADE PROMOTION PROGRAM/BEST PROSPECTS (75 CAIRO A-156 OF SEPT. 17, 1975) CONTAINS POST-DEVELOPED MARKET INFO.

3. TRADE MISSION- TOURIST INDUSTRY EQUIPMENT, OCTOBER 1977. SUGGEST MINIMUM 4 WORKING DAY MISSION TO BE HELD IN CAIRO WITH POSSIBLE VISITS TO LUXOR, ASWAN AND/OR ALEXANDRIA. THIS THEME IS SELECTED FOR FOLLOWING REASONS: A. EGYPT RECEIVED ALMOST 700,000 TOURISTS IN 1975 AND INTENDS TO EXPAND ITS FACILITIES MARKEDLY OVER THE NEXT FEW YEARS, WITH EVENTUAL GOAL OF 3.5 MILLION TOURISTS ANNUALLY; B. OVER 100 HOTEL PROJECTS TO BE ESTABLISHED WITHIN THE COMING 10 YEARS, INCLUDING THE CONSTRUCTION OF 20 NEW HOTELS AND EXPANSION OF 5 EXISTING ONES WHICH HAVE BEEN APPROVED AND WHICH WILL COST OVER \$760 MILLION; C. FOLLOWING MAJOR BASIC SERVICES ARE PRE-REQUISITIES FOR TOURISM INDUSTRY: TRANSPORTATION, INCLUDING HIGHWAY, RAIL, SEA AND AIR TRANSPORT, ACCOMODATIONS, AND OTHER FACILITIES INCLUDING TRAVEL AND TOURIST AGENCIES, CATERING, ENTERTAINMENT AND BANKING SERVICES; D. TO ENCOURAGE TOURISM, THE GOE IS GRANTING PRIVATE SECTOR TOURIST BUSINESSES TAX AND CUSTOMS EXEMPTIONS FOR LIMITED PERIODS, LONG-TERM LOANS IN THE FORM OF A PERCENTAGE OF PROJECT COSTS AT LOW RATE OF INTEREST, AND FACILITATING THE EMPLOYMENT OF FOREIGN TECHNICIANS TO ESTABLISH AND OPERATE THE TOURIST INFRASTRUCTURE.

4. TRADE MISSION- TEXTILE AND COTTON GINNING MACHINERY AND EQUIPMENT, MAY 1978. SUGGEST MINIMUM 3 WORKING DAY MISSION CENTERED IN CAIRO WITH POSSIBLE VISIT TO MAHALLA KOBRA, SITE OF EGYPT'S LARGEST SPINNING AND WEAVING COMPANY. THEME IS SELECTED FOR FOLLOWING REASONS: A. COTTON IS EGYPT'S PRINCIPAL EXPORT COMMODITY IN TERMS OF FOREIGN EXCHANGE EARNINGS; B. FINISHED COTTON TEXTILE PRODUCTS ARE IN SHORT SUPPLY DUE TO BURGEONING POPULATION; C. GOE REPORTED WILL ALLOCATE L.E. 296 MILLION (US \$ 740 MILLION AT OFFICIAL RATE) FOR DEVELOPMENT OF TEXTILE UNCLASSIFIED

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SECTOR OVER NEXT FIVE YEARS; D. ALTHOUGH INDUSTRY IS DOMINATED BY GOVERNMENT OWNED COMPANIES, PRIVATE FIRMS ALSO PLANNING EXPANSION AND MODERNIZATION PROGRAMS. POST INPUT TO BIC TRADE PROMOTION PROGRAM/BEST PROSPECTS (75 CAIRO A-156, OF SEPT. 17, 1975) CONTAINS POST-DEVELOPED MARKET DATA. IN ADDITION, MARKET SURVEY PREPARED BY ARAB RESEARCH AND ADMINISTRATION CENTER (ARAC) SUBMITTED TO USDOC/BIC/OIM SEPT. 1974.

5. CATALOG SHOW - FOOD PROCESSING & PACKAGING, NOV. 1977. SUGGEST FIVE DAY CATALOG SHOW TO BE HELD IN CAIRO. THIS THEME SELECTED FOR FOLLOWING REASONS: A) TOTAL INVESTMENT IN THIS INDUSTRY OVER NEXT 5 YEARS REPORTEDLY WILL EXCEED L.E. 164 MILLION (US\$410 MILLION); B) PROJECTS INCLUDE NEW PRODUCTION FACILITIES FOR SUGAR, PAPER PULP AND ALCOHOL, C) PRESIDENT SADAT HAS STRESSED GOAL OF SELF-SUFFICIENCY IN FOOD PRODUCTION WHICH WILL REQUIRE EQUIPMENT FOR FOOD PROCESSING & PACKAGING. MARKET STUDY ON FOOD PROCESSING & PACKAGING EQUIPMENT FOR EGYPT WAS PREPARED BY ARAC AND SUBMITTED IN SEPT. 1974 TO USDOC/BIC/OIM.

6. TECHNICAL SALES SEMINAR - CAIRO AND MATERIAL HANDLING EQUIPMENT, JULY 1978. RECOMMEND 2 DAY SEMINAR TO BE HELD IN ALEXANDRIA, EGYPT'S MAJOR PORT AND LOCATION OF MINISTRY OF MARITIME TRANSPORT AND MARITIME ACADEMY, IN ADDITION TO PORT AUTHORITY. CAIRO 5918 ON FY 1977 PORT DEVELOPMENT SEMINAR IDENTIFIED APPROXIMATELY US \$500 MILLION WORTH OF PORT DEVELOPMENT PROJECTS IN EGYPT. IN ADDITION TO A NEW PORT AT DEKHEILA, PORT SAID, SUEZ, ALEXANDRIA AND SAFAGA ARE ALL SLATED FOR MAJOR EXPANSION AND MODERNIZATION EFFORTS. IBRD, AID, AND JAPAN ARE AMONG KNOWN FINANCIAL SUPPORTERS.

7. EMBASSY WILL BE ABLE TO CONDUCT LIMITED DESK RESEARCH ON EACH THEME RECOMMENDED. HOWEVER, IF MORE EXTENSIVE INFO REQUIRED, USDOC-SPONSORED MARKET SURVEY WILL BE NECESSARY. CURRENTLY ONLY TWO LOCAL FIRMS BELIEVED CAPABLE OF CONDUCTING MARKET SURVEY OF TYPE REQUIRED: A) AAAC, WHO PERFORMED SEVERAL STUDIES FOR USDOC/BIC/OIM IN 1974, AND B) HANI AL SHARKAWI & ASSOCIATES, FIRM ORGANIZED BY GROUP OF UNIVERSITY PROFESSORS.

8. WE ARE WELL AWARE PROGRAM OUTLINED ABOVE FAR MORE AMBITIOUS IN SCOPE THAN IN PREVIOUS YEARS. POTENTIAL FOR U.S. EXPORTS TO EGYPT IN THESE FIELDS HAS INCREASED MARKETLY IN RECENT YEARS,  
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HOWEVER, AND SHOWS EVERY SIGN OF CONTINUED GROWTH. TOTAL U.S. EXPORT TO EGYPT IN 1973 WERE US \$225 MILLION, IN 1975 US \$682 MILLION, AND ARE EXPECTED TO REACH US \$1 BILLION THIS YEAR. WE BELIEVE THIS TREND SUPPORTS THE SCALE OF TRADE PROMOTION PROGRAM RECOMMENDED.

9. FYI, FOLLOWING ARE LOCAL HOLIDAYS FOR PERIOD OC. 1, 1977 THRU SEPT 30, 1978:

|                                |                        |
|--------------------------------|------------------------|
| OCTOBER 6, 1977                | ARMED FORCES DAY       |
| OCTOBER 24, 1977               | POPULAR RESISTANCE DAY |
| (ASTK) NOVEMBER 21 TO 25, 1977 | KURBAN BAIRAM          |
| (ASTK) DECEMBER 11, 1977       | ISLAMIC NEW YEAR'S DAY |
| DECEMBER 23, 1977              | VICTORY DAY            |
| (ASTK) FEBRUARY 21, 1978       | MOULED EL NABI         |
| JUNE 18 1978                   | EVACUATION DAY         |

JULY 23, 1978 NATIONAL DAY  
(ASTK) SEPTEMBER 2 TO 5, 1978 RAMADAN BAIRAM

(ASTK) BASED ON LUNAR CALENDAR. EXACT DATE TO BE CONFIRMED.  
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